

## RETAIL DISTRIBUTION AND MARKETING.

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**Y**OUR Committee, in the brief time at its disposal, has not undertaken to carry out a very extensive program. We have adopted as our leading principle this thesis, viz.: the elimination of every kind of waste in the distribution and marketing of food supplies must be enforced as a war measure if the nation is not to suffer unduly in physical vigor and in the power to work out ideals of democracy. We would point out first that many kinds of waste result in an increased cost of food, and the relation between the cost of food and the public health is apparent from many points of view. For example, from investigations conducted during the past twenty-five years it has become evident:

a. That large numbers of our male citizens, estimated a few years ago at five million, receive from their earnings annual incomes of less than \$650.

b. That where the income is between \$700 and \$1,200, from 40 to 50 per cent of the income must be expended for food, even at the scale of prices that prevailed a number of years ago.

c. That during the past few years, the prices of food have risen far more rapidly than the earning capacity of large numbers among the wage-earning group.

d. That there is a direct connection between the earning capacity of the

father and the rate of infant mortality.\* And the earning capacity of the father is measured not merely by the wage-level, but also by the prevailing level of prices of those commodities which constitute an essential element in his budget, such as the foods eaten by the lower wage-earning group.

e. That a large proportion of school children are undernourished and suffer from many diseases due to malnutrition.

If there are to be discovered then, in the methods of distribution of the food supply, elements of waste which can be done away with so as to reduce the cost, such eliminations will bear directly on the public health. Your Committee is indebted to Dr. S. P. Breckinridge of the University of Chicago for the formulation of some of these elements of waste.

1. Lack of organization of the supply with reference to the distance between the place of production and the place of use, viz., the needlessly long haul and duplications of haul. Professor Clyde L. King has shown ("Lower Living Costs in Cities") that this lack of organization involves not only unnecessary deterioration in the quality of the food, but a wasteful hauling and a multiplication of the agents or middle men who will be involved in the marketing process and

\*See Report of Federal Children's Bureau, Infant Mortality Series.

who will take their remuneration out of the consumers' slender allowance for food.

2. Lack of terminal facilities in the cities and of refrigerating and storage arrangements. The enormous sums added to the costs of the food supply in the cities of New York and Philadelphia have been made evident by official commissions on the subject. The costs added, for example, to eggs between the terminal and the consumer's kitchen were found two years ago to be 30 per cent.

3. Lack of standardization in many kinds of foods, with the notable exception of grains. Many abuses among the distributing agencies are thus made possible.

4. Lack of standards of service among the distributing agencies, growing out of the competitive struggle and the absence of adequate public control. The abuses to which reference is made are, among others, corrupt reporting as to the nature of transactions performed (analogous to the abuse of trust), the use of dishonest weights and measures, adulteration and misbranding of food, agreements for maintaining high prices (forestalling, regrating, etc.), and monopoly methods in marketing essential food-stuffs.

5. Wasteful multiplication of retail agencies.\* Nystrom shows that the number of retailers, while not increasing in proportion to the volume of goods sold nor to the value of goods sold, increased between 1860 and 1890 more rapidly than the population and

since that time the proportion between population and the number of retailers has remained practically stationary in spite of any and all labor-saving devices, improvements in methods, etc. He is not persuaded that a decrease in the number of establishments would necessarily decrease the cost, because under present methods of dealing the large unit seems to be more costly than the small one; but it is difficult to see why the more efficient use of space, labor, capital would not be made to work out to the advantage of the buyer, in the absence of monopoly advantages.

6. Lack of technical standards among retailers especially among those who deal in retail groceries. The experience of the Harvard Graduate School of Business Administration is of interest in this connection. The School has found it impossible to learn from the books of the grocers in Massachusetts what their methods are because their books show not even what they do. The Harvard School has therefore worked out for the grocers a system of cost accounting, on the basis of which it is hoped that critical analysis may be applied to the methods of the grocers and questions of technical interest find a sound basis for statement and solution. Obviously, where the methods employed are so "hit or miss" as that, and there is no reason to believe that the Massachusetts grocers are less intelligent on these points than those of other communities, there is room for great hidden waste, and need of inquiry and open discussion. The obligation of the gov-

\* Nystrom, *Economics of Retailing*, Ch. XVII, discusses this question.

ernment to pursue investigations in these fields seems clear.

Attention should be called to the fact that many of the elements of waste are involved in the competitive system as such in which the apparent and near goal is not service but selling. Changes of motive and resulting changes of method will and can come only slowly. Many of the needed changes involve collective community action which will take time to organize and to bring about. Many others involve the solution of technical questions involving investigations and experimentation. In the meantime, as a measure of fair play, two ends should be kept in view. One is the raising of wages rapidly in accordance with the rising prices, and the other is the utilization of governmental resources, in such a way as to alleviate the condition of the weakest and poorest during the period of readjustment and reconstruction.

In view of these considerations the Committee would recommend that the American Public Health Association as a war measure call upon all agencies engaged in the distribution and marketing of food supplies to devise means for eliminating every kind of waste. Your Committee would urge this especially in regard to those foods of which the supply is not especially restricted and which should be used in general consumption in the place of those foods whose supply is limited or which must be depended on for special uses. Milk and eggs are typical foods whose price must be kept within the purchasing power of all in the community, if a decent standard of health,

especially among children, is to be maintained. In illustration of the kind of measures to be adopted, the Committee would report three proposals made to the Food Administrator for Illinois by the retail grocers involving the discontinuance of present practices which tend to increase the cost of distribution. These are:

1. That the practice of selling or offering for sale any commodity in the grocery or meat market line at a price which can only be secured by buying a certain quantity of other merchandise be discontinued.

2. That dealers in food commodities be permitted to place reasonable limits on the quantity of merchandise that can be purchased by individual customers.

3. That the practice of food dealers of giving premiums or other gifts with the sale of merchandise be discontinued.

Your Committee would submit two other suggestions:

- a. The time has passed when from the standpoint of health there is anything to be feared from food which has been kept in cold storage under right conditions. The housekeeper is still reluctant to accept the verdict of the sanitarian because the food as she receives it and perhaps as she treats it in her kitchen is often so far from satisfactory. It would be a service in extending the use of the cold storage method of preventing waste of food if the Committee on Cold Storage would consider ways and means of getting food from the cold storage warehouse to the consumer in better condition,

and also undertake a campaign of education for the housekeeper and cook.

b. The Committee would suggest that an effort be made to establish standards for the condemnation of foods. There is not only great divergence in the different standards adopted, *e. g.* bob veal, but great confusion between æsthetic and hygienic grounds of condemnation. It was pointed out to this Association many years ago by Prof. W. T. Sedwick that the methods followed were not altogether reasonable. It seems to the Committee that the exigencies of war demand a study of salvaging the food supply to the fullest possible extent.

An example of one type of method which might be followed may be found in recent modifications in the regulations governing the meat inspection of the United States whereby in case of localized lesions the non-affected parts of an animal may be passed for food. Further illustrations are given in an article on Trichinæ in Pork and Nematodes in Butter Fish by C. W. Stiles, M. D., in the *Journal of the American Medical Association*, March 3, 1917.

MARION TALBOT, *Chairman.*

WINIFRED STUART GIBBS,

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**Report of the American Sugar Refining Company. New York, 1917.**

The report of the American Sugar Refining Company for January to October, 1917, on the conditions of the sugar market outlines the factors which have contributed to the present conditions in the sugar market throughout the world, and presents a brief history of the efforts made by this company to meet the serious condition existing in the American market during the time reported.

Among the new factors which are said to have largely created the extraordinary condition of the sugar market during the past year and at the present time the foremost are: Labor troubles in eastern refineries; the insurrection in Cuba; the shortage in the domestic beet crop; the stories of "sugar shortage" and "sugar famine" which have been published in many newspapers throughout the country; the increased consumption in the United States; the recommendation of the Senate Finance Committee that the drawback on sugar be repealed; and the plans of the United States Food Administration for supervision of the sugar industry.

The world's sugar production, we are told has been decreased 11 per cent since the begin-

ning of the war. Furthermore England and France have been compelled to draw heavily upon the supplies formerly consumed by the United States, such as the exports from Cuba and Java.

The Company has tried to prevent hoarding and speculating by regularly selling its daily capacity and distributing it widely among buyers and by advising against hoarding.

The report further takes up the increased consumption of sugar in the United States, showing that in terms of per capita consumption we used for the first ten months in 1916, 68 pounds, while in 1917 the unit for the same period was 76 pounds. This increase may possibly be attributed to the increased use of sugar as a preservative, a result greatly caused by the urging of the Government departments.

The report represents an excellent description of the world's sugar market before and since the declaration of war from the viewpoint of this great company. It is a broad and engaging summing up of this vast industrial problem which by the reading changes from a merely local and personal inconvenience to a tremendous world engulfing problem.

A. D. Hiller.